

MEMORANDUM

NATIONAL SECURITY COUNCIL

INFORMATION

June 19, 1975

MEMORANDUM FOR: GENERAL SCOWCROFT

FROM: CLINTON E. GRANGER ✓

SUBJECT: Section 802, Defense Appropriations Bill

*Thanks (D)*

Reference your request that we summarize what transactions we would have had to report during the past year under Section 802. Defense believes there would not have been more than twelve transactions of this type. All pertained to spare parts, conventional ammunition, and older equipment. Since January 1, 1975, we have been required by Section 36(b) of the FMS Act to notify Congress of all transactions of \$25 million or more. There have been a total of six transactions since that time that would have been Section 802 eligible.

The first half of FY-1975 was not covered by Section 36(b) and to determine the exact number of Section 802 eligible cases they would have to be manually compiled at considerable manhour expense. If you wish, we can task Defense to forward the data for the first half of the year. However, Defense is confident the number of cases would not have been more than five or six for this period. Since the Army's active inventory spare parts supply totals only \$32 million, its apparent why these cases are relatively infrequent.

OSD REVIEWED 22 Mar 2011: NO OBJECTION TO DECLASSIFICATION.

DOS REVIEWED 21 MAR 2011 NO OBJECTION TO DECLASSIFICATION

THE WHITE HOUSE      Re: 3715  
WASHINGTON

June 16, 1975

Clint:

The General has reviewed the attached and in order to have a yardstick for evaluating the new requirement, asked that you put together a summary of what transactions we would have had to report in the past year under its requirements.

Many thanks.

*Reed*  
BMO

**MEMORANDUM**

**NATIONAL SECURITY COUNCIL**

**INFORMATION**

June 10, 1975

**MEMORANDUM FOR:** GENERAL SCOWCROFT  
**FROM:** CLINTON E. GRANGER *cc*  
**SUBJECT:** Section 802, Defense Appropriations Bill

We have agreed with the Department of Defense position on Section 802 of S. 920, Defense appropriations, attached at Tab A.

The section requires a report to the Congress when there is a letter of offer to sell from the Services' active inventories, or to transfer items from the active inventories for \$25 million or more. The report includes an impact statement; an estimate of the ability of the nation to pay, and any impact resulting from the transfer of the technology. Defense has no problem with this, and indeed, it is much less restrictive than some of the other reporting options (such as that of Mel Price), which we have evaded before.

cc: Les Janka  
Don MacDonald

FORMAT FOR APPEAL ON LANGUAGE ITEM

TITLE VIII - GENERAL PROVISIONS APPROPRIATIONS AUTHORIZATION BILL  
(SECTION 802)

Senate Bill

Sec. 802. In the case of any letter of offer to sell any defense articles from the United States' active inventories or any proposal to transfer defense articles from the United States' active inventories for \$25,000,000 or more, the Secretary of Defense shall submit a report to the Congress setting forth—

- (1) the impact of such sales or transfers on the current readiness of United States forces;
- (2) the adequacy of reimbursements to cover, at the time of replenishment to United States' inventories, the full replacement costs of those items sold or transferred;
- (3) the effect, if any, of such sales or transfers in providing technological information to foreign governments which might prove injurious to the national security interests of the United States.

Department of Defense Position

The Department requests deletion of the phrase "any defense articles from the United States' active inventories" on lines 20 and 21. The Department also requests insertion of the word "forces" after "active" on line 23 of page 29. The Department also requests insertion of "estimated" after "the" on line 5 of page 30 and the substitution of "value" for "replacement costs" on line 7.

JUSTIFICATION

The requested deletion will clarify the requirement that a report is needed for any proposed sale or transfer for \$25,000,000 or more instead of the present language which could be interpreted as requiring a report for any sale.

The requested insertion of "forces" more clearly defines the term "active inventories" used in the present language.

The proposed insertion of "estimated" would recognize that at the time of sale or transfer of an item replacement costs may only be an estimate since actual replacement occurs several years later in some instances.

The proposed substitution of value for replacement costs provides the Department with needed flexibility in those cases where an item is replaced with a more modern or expanded capability item, e.g., M-60 tanks replacing M-48 tanks.

## REQUEST/RECEIPT FOR LDX TRANSMISSION

657

STATION SERIAL NUMBER

TIME PROCESSED AT NMCC  
23 MAY 19 04ADDRESSEE: PLEASE ENTER STATION, TOR,  
OPERATORS SIGNATURE AND RETURN TO NMCC:FROM: SAC - NMCCTOR: 275  
10 MAY 69 BN 4:14

NAME: \_\_\_\_\_

TO BE FILLED IN BY REQUESTER

FROM: DSAA / DCOFFICE/DESK: LTC MacLeanPHONE NR.: 78231

TO:

<input checked="" type="checkbox"/>	WHITE HOUSE
<input type="checkbox"/>	STATE DEPT
<input type="checkbox"/>	CIA
<input type="checkbox"/>	NSA
<input type="checkbox"/>	ANMCC

WHITE HOUSE Col. C. Ranger, NSC  
X 395-4994

STATE DEPT

CIA

NSA

ANMCC



DIA (PENT) \_\_\_\_\_

DIA (ARL HALL) \_\_\_\_\_

DNA \_\_\_\_\_

NPIC (NAVY YARD) \_\_\_\_\_

SPECIAL INSTRUCTIONS

Deliver to Situation Room.

CLASSIFICATION

Unclass

PAGES

4

OFFICE OF THE SECRETARY OF DEFENSE

23 May 1975

Memo For Col Jones (3E576)  
Col Dulin (5A334)  
Capt Duncan (4E438)  
Col Granger, NSC ✓

Attached is a proposed Senate Bill that deals  
in part with proposed FMS cases of \$25 million  
or more.

We have been asked for comments on Section 802.  
Could we please have your reaction and/or  
comments on this section by 1200 hours 27 May 75.

*J. Martin*  
for Robert B. Hammond  
Comptroller

Calendar No. 143

Dear CONGRESS  
Mr. Chairman

62 620  
Date 6/20

[Report No. 94-143]

IN THE SENATE OF THE UNITED STATES

Maron 3 (legislative day, February 21), 1975

Mr. STENNIS (for himself and Mr. TUMMEL) introduced the following bill; which was read twice and referred to the Committee on Armed Services

MAY 19, 1975

Reported by Mr. STENNIS, with an amendment

~~[Strike out all after the enacting clause and insert the part printed in italics.]~~

A BILL

To authorize appropriations during the fiscal year 1976, and the period of July 1, 1976, through September 30, 1976, for procurement of aircraft, missiles, naval vessels, tracked combat vehicles, torpedoes, and other weapons, and research, development, test, and evaluation for the Armed Forces, and to prescribe the authorized personnel strength for each active duty component and the Selected Reserve of each Reserve component of the Armed Forces and of civilian personnel of the Department of Defense, and to authorize the military training student loads, and for other purposes.

1. Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

2. ~~APPENDIX—PROGRAMMING~~

3. ~~Sec. 101.—Funds are hereby authorized to be appropriated during the fiscal year 1976 for the use of the Armed~~

Sec. 801. The Secretary of Defense shall submit to the Congress, at the time the President submits the budget to the Congress for fiscal year 1977, a detailed report on the readiness of the Armed Forces of the United States to perform their assigned missions. Such report shall include-

(1) a description of the criteria used as a basis to determine readiness;

(2) a full elaboration of the assigned missions for such armed forces and the relationship of these missions to the foreign policy of the United States;

(3) a report on the improvements in readiness provided by the budget authority approved for fiscal year 1976 and the transitional quarter and the further improvements expected with the fiscal year 1977 budget requests; and

(4) a discussion of any progress made in improving reliability and maintainability of weapon systems, and the funds requested in fiscal year 1977 for this purpose.

Sec. 802. In the case of any letter of offer to sell any defense articles from the United States' active inventories or any proposal to transfer defense articles from the United States' active inventories for \$25,000,000 or more, the Sec-

1      1. Secretary of Defense shall submit a report to the Congress

2      2 setting forth—

3            (1) the impact of such sales or transfers on the cur-

4            rent readiness of United States forces;

5            (2) the adequacy of reimbursements to cover, at the

6            time of replenishment to United States' inventories, the

7            full replacement costs of those items sold or transferred;

8            (3) the effect, if any, of such sales or transfers in

9            providing technological information to foreign govern-

10          ments, which might prove injurious to the national

11          security interests of the United States.

12        Sec. 803. None of the funds authorized to be ap-

13        propriated by this or any other Act shall be expended for

14        research, development, testing, or evaluation of binary lethal

15        chemical munitions or for other lethal chemical munitions.

16        Notwithstanding the foregoing sentence, the Department of

17        Defense shall be permitted to acquire or develop such quan-

18        tities of lethal chemical warfare agents as may be necessary

19        to conduct research, development, testing, and evaluation of

20        devices, equipment, or processes that are or may be required

21        to provide protection against lethal chemical warfare agents.

22        (b) For purposes of this section the term "lethal chemi-

23        cal munitions" means (1) any toxic chemical (solid, liquid,

24        or gas) which, through its chemical properties, is intended

25        to cause death, temporary disability, or permanent injury and